

Legislative Summary

2003–2004 Session



INTRODUCTION

This booklet provides a summary of legislation from the 2003/04 Regular Session of the California Legislature that impacts the California Public Employees' Retirement System (CalPERS). The format for this booklet contains four main parts:

Index of Bills by Program Area

The index identifies the bill number, author, topic, and final status for each bill pertaining to that subject. Under each program area heading, the bills are listed in bill number order grouped by each status type: enacted, failed, or vetoed. Bills listed with an asterisk (*) in the status column contained provisions pertaining to that subject at some point during the legislative session, but were subsequently amended to no longer relate to that subject. Bills with provisions pertaining to multiple subjects are listed under each applicable subject heading.

Summary of Legislation by Bill Number

The summary of legislation presents, in bill number order, the bill number, author, final status, CalPERS Board position (if any), title, and summary for each bill identified in the list of legislative bills by subject. For bills that were enacted as an urgency statute, the last line of the summary identifies it as an "urgency measure" and notes the effective date of the bill. The effective date for all other bills enacted without an urgency provision is January 1 following the year of enactment.

Cross Reference of Enacted Legislation

These tables provide for a quick overview of all chaptered bills included in this summary, and have been organized by bill number, as well as by chapter number.

This publication is prepared by CalPERS Office of Governmental Affairs. We hope you find this summary of legislation a useful reference and welcome your suggestions for improving future editions.

Governor's Veto Messages



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INDEX OF BILLS BY PROGRAM AREA

2003-2004 SESSION



INDEX OF 2003-2004 BILLS BY PROGRAM AREA

STATE ADMINISTRATION (Not limited to CalPERS)

Bill Number	Author	Topic	Status
AB 0079	Dutra	Legislative Reports: Delay Submission	Enacted
AB 0296	Oropeza	2003-04 Budget Trailer Bill	Enacted
AB 1209	Nakano	Public Records Act—Confidential Documents	Enacted
AB 1756	Budget Committee	Budget Trailer Bill (Rural Health Care Equity Program)	Enacted
AB 1765	Budget Committee	2003-04 Budget Act	Enacted
AB 1827	Cohn	Closed Session for Bureau of State Audit Report	Enacted
AB 2120	Budget Committee	Information Technology Contracts	Enacted
AB 2391	Koretz	Contracting for Legal Services	Failed
AB 2713	Pavley	Legal Representation of Governmental Organizations	Vetoed
AB 3016	Pavley	Privacy: Use of Social Security Numbers	Enacted
AB 3082	Judiciary Committee	Code Maintenance (2004)	Enacted
SB 0025	Bowen	Restricted Use of Social Security Numbers	Enacted
SB 0079	Judiciary Committee	Trial Court Restructuring	Enacted
SB 0600	Judiciary Committee	Code Maintenance (2003)	Enacted
SB 0640	Burton	Prohibition on State Contracting with Expatriate Corporations	Enacted
SB 0777	Escutia	Whistleblowers: Corporate Entities and Officers	Enacted
SB 1113	Budget Committee	2004-05 Budget Act	Enacted
SB 1437	Speier	State Auditor—Audits of High Risk Agencies	Enacted
SB 1452	Figueroa	Public Contracts: Non-Domestic Entities	Failed
SB 1757	Denham	Purchase of State Owned Automobiles and Mobile Equipment	Enacted
SB 1760	Perata	Sovereign Immunity Waiver: ADA	Vetoed
SB 1841	Bowen	Electronic Monitoring of Employees	Vetoed

CalPERS ADMINISTRATION

Bill Number	Author	Topic	Status
AB 0067	Negrete McLeod	CalPERS Omnibus Bill	Enacted
AB 1428	Levine	Release Time: CalPERS Board Members	Enacted
AB 1584	APER&SS Committee	CalPERS' 2003 Omnibus Bill	Enacted
AB 2680	Negrete McLeod	CalPERS: Property Acquisition for STRS	Enacted
SB 0269	Soto	Compensation of Key Employees	Enacted
SB 0625	SPE&R Committee	Substitutes at CalPERS Board Meetings	Enacted
SB 1106	Budget Committee	California Pension Restructuring Bond Act of 2004	Enacted
SB 1603	SPE&R Committee	CalPERS' 2004 Omnibus Bill	Enacted
SBX1 29	Budget Committee	Pension Obligation Bonds	Enacted
SBX1 4	Budget Committee	Budget Trailer Bill: Reduction of Health Benefit Administrative Fee	Failed

INVESTMENTS

(Including Corporate Governance & Home Loans)

Bill Number	Author	Topic	Status
AB 0475	Correa	Member Home Loan Program	Enacted
AB 0849	Lieber	Community Reinvestment	Failed
AB 2364	Correa	Public Pension Systems: Credit Enhancement	Enacted
AB 2752	Chu	Corporate Election Procedures	Vetoed
AJR 79	Chu	Corporate Elections	Enacted
SB 0325	Florez	Corporate Securities – Lengthen Statute of Limitation	Failed
SB 0355	Florez	Securities Fraud Prohibition	Failed
SB 0395	Florez	Destruction of Evidence	Failed
SB 0396	Florez	Coverage of Securities Fraud	Failed
SB 0766	Florez	Securities Fraud: Remedies	Failed
SB 1632	Figueroa	Pension Plans: Corporate Reporting	Failed
SCR 11	Soto	Pension Investments: Shareholder Resolution Regarding AIDS Drugs	Enacted

MEMBERSHIP

(Including Classifications)

Bill Number	Author	Topic	Status
AB 0091	Dutton	Riverside County Deputy Coroners	Failed

MEMBERSHIP (continued)

Bill Number	Author	Topic	Status
AB 0117	Kehoe	Membership: Public Transit Employees	Enacted
AB 0133	Bogh	Public Employees' Retirement: Riverside County Deputy Coroners	Failed
AB 0459	Negrete McLeod	CalPERS Membership for Employee Representative; Legislators' Health Benefits; Contracting Agency Employer Contribution for PEMHCA	*
AB 0896	Diaz	Membership: Elected and Appointed Local Pubic Officials	*
AB 1498	Wiggins	CalPERS Public Agency Definition: SAFE-BIDCO	Enacted
AB 1693	Wolk	Safety Reclassification: Bargaining Unit 7	Failed
AB 2736	Negrete McCleod	State Military Personnel: Membership	Failed
SB 0836	Soto	Riverside County Safety Membership—Haz Mat Employees	Failed
SB 1105	Budget Committee	State Employees: Alternative Retirement program and Extension of Rural Health Care Equity Program	Enacted

* Later version(s) of this bill do not include this subject matter, or amendments no longer apply.

SERVICE CREDIT AND ADDITIONAL PURCHASES

Bill Number	Author	Topic	Status
AB 0085	Wiggins	Local Firefighters: Credit for Non-CalPERS Service	*
AB 0457	Negrete McLeod	Golden Handshake: Public Employees	Vetoed
AB 0552	Chavez	Cancellation of Service Credit Purchase upon Disability: Safety Members	Enacted
AB 0676	Nakanishi	Public Service Credit: Indep. Data Processing Center	Enacted
AB 0719	Negrete McLeod	Service Credit Purchase: Unqualified Time	Enacted
AB 0896	Diaz	Membership: Elected & Appointed Local Pubic Officials	*
AB 1253	Bermudez	Golden Handshake: State Employees	*
SB 0268	Soto	Cancellation of Service Credit Purchase Payments & Community Property Settlements	Enacted

* Later version(s) of this bill do not include this subject matter, or amendments no longer apply.

EMPLOYER CONTRACTS

Bill Number	Author	Topic	Status
AB 1321	Oropeza	Contracting Agencies: Quarterly Reports	Enacted
AB 1875	Maldonado	Local Agency Benefit Formulas	Enacted
AB 2111	Budget Committee	LRS; Local Agency Benefit Formulas; MOU—Bargaining Unit 5	Failed
AB 2112	Budget Committee	LRS and Local Agency Benefit Formulas	Failed
AB 2355	Oropeza	CalPERS: Administrative Costs	Enacted
SB 0271	Soto	Termination of Agency Contracts	Enacted

RETIREMENT BENEFITS

Bill Number	Author	Topic	Status
AB 0205	Goldberg	Spousal Rights for Domestic Partners	Enacted
AB 0375	Bermudez	MOU—Units 1, 4, 10, 11, 14, 15, 16, 17, 19, 20 and 21	Enacted
AB 0552	Chavez	Cancellation of Service Credit Purchase upon Disability (Safety Members)	Enacted
AB 0977	Diaz	Memorandum of Understanding (Unit 9)	Enacted
AB 1281	Pavley	Industrial Disability Retirement: Reduced Age Factors for Local Safety Members	*
AB 1586	APER&SS Committee	State and Local Safety Members: 100% Benefit Limit	*
AB 1619	Jackson	Payrate: Specified Employees	Failed
AB 1875	Maldonado	Local Agency Benefit Formula	Enacted
AB 2103	Negrete McLeod	MOU—Bargaining Unit 5	Enacted
AB 2111	Budget Committee	LRS; Local Agency Benefit Formulas; MOU—Bargaining Unit 5	Failed
AB 2112	Budget Committee	LRS and Local Agency Benefit Formulas	Failed
AB 2119	Budget Committee	State Employees: Alternative Retirement Program and Extension of Rural Health Care Equity Program	*
AB 2580	Goldberg	Domestic Partners – Clarification of AB 205	Enacted
AB 2711	Leno	Local Agency Transfer Agreements	Enacted
AB 2773	Richman	Public Employees: Workers' Compensation Benefits	Failed
AB 2903	Campbell	State Employees' Retirement: Increased Contribution, Reduced Benefits for New Hires	Failed
SB 0053	Dunn	State and Local Safety Members: 100% Benefit Limit	Failed
SB 0100	Dunn	Local Safety Members: 100% Benefit Limits	Failed
SB 0268	Soto	Cancellation of Service Credit Purchase Payments and Community Property Settlements	Enacted
SB 0348	Alarcon	MOU—Units 7 and 9	*
SB 0437	Burton	Contribution Reduction for Legislative Employees	Vetoed
SB 0439	SPE&R Committee	MOU—Units 5 and 8	Enacted
SB 0579	Soto	Service Credit for Sick Leave Upon Retirement	*
SB 0902	Burton	Industrial Disability Retirement: Reduced Age Factors for Local Safety Members	*
SB 1105	Budget Committee	State Employees: Alternative Retirement program and Extension of Rural Health Care Equity Program	Enacted
SB 1401	Perata	Retirement Adequacy Study	Vetoed

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RECIPROCITY WITH OTHER RETIREMENT SYSTEMS

Bill Number	Author	Topic	Status
AB 0285	Negrete McLeod	Extension of Reciprocity	Failed
AB 1587	APER&SS Committee	Extension of Reciprocity	*
AB 2956	Wiggins	Extension of Reciprocity	Vetoed

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WORKING AFTER RETIREMENT AND REINSTATEMENTS

Bill Number	Author	Topic	Status
AB 0369	Bermudez	Retired Annuitants: Full-Time Employment	Enacted
AB 0555	Bogh	Retired Annuitants: Full-time Employment	Failed
AB 1611	Levine	Contribution After Reinstatement	Failed
SB 1439	Speier	Retired Annuitants: Unemployment Insurance	Enacted

HEALTH BENEFITS: PEMHCA

Bill Number	Author	Topic	Status
AB 0205	Goldberg	Spousal Rights for Domestic Partners	Enacted
AB 0296	Oropeza	2003-04 Budget Trailer Bill (Includes Rural Health Provision)	Enacted
AB 0375	Bermudez	MOU—Units 1, 4, 10, 11, 14, 15, 16, 17, 19, 20 and 21	Enacted
AB 0459	Negrete McLeod	CalPERS Membership for Employee Representative; Legislators' Health Benefits; Contracting Agency Employer Contribution for PEMHCA	*
AB 0476	Correa	Use of Cafeteria Plans	Failed
AB 0632	Kehoe	PEMHCA Coverage for IHSS Providers	*
AB 0753	Leslie	Safety Employees' Surviving Spouses: Health Benefits	Enacted
AB 0977	Diaz	Memorandum of Understanding – Unit 9	Enacted
AB 1082	Laird	Eligibility of Non-Registered Domestic Partners	Enacted
AB 1606	Horton, S.	Eligibility During Military Leave	Enacted
AB 1756	Budget Committee	Budget Trailer Bill (Rural Health Care Equity Program)	Enacted
AB 1958	Frommer	CalPERS Rx Purchasing Consortium	Vetoed
AB 1959	Chu	State Auditor Evaluation of Drug Purchasing	Enacted
AB 2033	Nakano	PEMHCA Eligibility: National Guard	Failed
AB 2119	Budget Committee	State Employees: Alternative Retirement Program and Extension of Rural Health Care Equity Program	*
AB 2580	Goldberg	Domestic Partners – Clarification of AB 205	Enacted
SB 0126	Chesbro	Rural Health Care Equity Program: Extension	Failed
SB 0348	Alarcon	Memorandum of Understanding – Units 7 and 9	*

HEALTH BENEFITS: PEMHCA (continued)

Bill Number	Author	Topic	Status
SB 0436	Soto	PEMHCA Stability	Enacted
SB 0439	SPE&R Committee	MOU—Units 5 and 8	Enacted
SB 0574	Alpert	PEMHCA Changes Recommended by SCR 39 Panel	*
SB 0626	SPE&R Committee	Recodification of PEMHCA	Enacted
SB 1105	Budget Committee	State Employees: Alternative Retirement program and Extension of Rural Health Care Equity Program	Enacted
SB 1272	Ortiz	Special District Governance	Failed
SBX1 4	Budget Committee	Budget Trailer Bill: Reduction of Health Benefit Administrative Fee—CalPERS	Failed

* Later version(s) of this bill do not include this subject matter, or amendments no longer apply.

HEALTH BENEFITS: GENERAL AND STATEWIDE

Bill Number	Author	Topic	Status
AB 0037	Yee	Contracting with County Mental Health Department	Failed
AB 0103	Reyes	Rx Marketing Disclosure	Failed
AB 0262	Chan	Disclosure of Physician's Prescribing Practices	Failed
AB 1084	Maddox	Vision Care Providers	Failed
AB 1286	Frommer	Continuity of Care	Enacted
AB 1527	Frommer	Universal Coverage – Pay or Play	Failed
AB 1528	Cohn	Health Care Quality Improvement and Cost Containment Commission; Universal Coverage – Pay or Play	Enacted
AB 1627	Frommer	Hospital Charge Masters	Enacted
AB 1629	Frommer	Health Facility Data Collection	*
AB 1927	Dymally	Vision Care Providers	*
AB 1957	Frommer	Reimportation of Prescription Drugs	Vetoed
AB 1959	Chu	State Auditor Evaluation of Drug Purchasing	Enacted
AB 1960	Pavley	PBM Disclosure Requirements	Vetoed
AB 2326	Corbett	Prescription Drug Report Card	Failed
AB 2759	Levine	Health Plans: Rural Withdrawals	*
AB 2985	McCarthy	Universal Coverage – Suspension of SB 2 Requirements	Failed
SB 0002	Burton	Universal Coverage – Pay or Play	Enacted
SB 0026	Figueroa	Health Plan Rate Review	Failed
SB 0261	Speier	Medical Group Financial Solvency Requirements	Vetoed
SB 0853	Escutia	Health Plans – Language Assistance	Enacted

HEALTH BENEFITS: GENERAL AND STATEWIDE (continued)

Bill Number	Author	Topic	Status
SB 0921	Kuehl	Universal Coverage – Single-Payer System	Failed
SB 1262	Sher	Charitable Organizations: AG Oversight	Enacted
SB 1349	Ortiz	Health Plan Rate Review	*
SB 1487	Speier	Hospital-Acquired Infection Data	Vetoed
SB 1509	Alpert	Hospital Pricing	Failed
SJR 10	Soto	Medicare Rx Drug Coverage	Enacted

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HEALTH BENEFITS, MANDATED COVERAGE

Bill Number	Author	Topic	Status
AB 0438	Lieber	Mandated Benefits – Osteoporosis Screening Coverage	Failed
AB 1549	Frommer	Mandated Benefits – Coverage for Asthma Therapies	Failed
AB 2185	Frommer	Mandated Benefits – Asthma Treatment	Enacted
SB 0101	Chesbro	Mandated Benefits – Substance Abuse Treatment	Failed
SB 0174	Scott	Mandated Benefits – Hearing Aid Coverage	Failed
SB 1158	Scott	Mandated Benefits – Hearing Aids	Vetoed
SB 1192	Chesbro	Mandated Benefits – Substance Abuse Treatment	Failed

HEALTH BENEFITS: VISION CARE BENEFITS

Bill Number	Author	Topic	Status
SB 0461	Burton	Vision Care for Annuitants	Failed

LONG-TERM CARE COVERAGE

Bill Number	Author	Topic	Status
AB 1523	Garcia	Long-Term Care Tax Credit	Failed
AB 2044	Garcia	LTC Insurance Tax Credit	Failed
AB 2117	Budget Committee	Budget Trailer Bill—LTC Program Assessment	Failed
AJR 8	Mountjoy	LTCI Tax Deduction Resolution	Failed
SB 0121	Margett	Income Tax Credit for Long Term Care Insurance	Failed
SB 1103	Budget Committee	Budget Trailer Bill—LTC Program Assessment	Enacted

LEGISLATORS' RETIREMENT SYSTEM (LRS)

Bill Number	Author	Topic	Status
AB 0459	Negrete McLeod	CalPERS Membership for Employee Representative; Legislators' Health Benefits; Contracting Agency Employer Contribution for PEMHCA	*
AB 2111	Budget Committee	LRS; Local Agency Benefit Formulas; MOU—Bargaining Unit 5	Failed
AB 2112	Budget Committee	LRS and Local Agency Benefit Formulas	Failed

* Later version(s) of this bill do not include this subject matter, or amendments no longer apply.

VOLUNTEER FIREFIGHTERS LENGTH OF SERVICE AWARD (VFLSA)

Bill Number	Author	Topic	Status
AB 2330	Samuelian	Volunteer Firefighters Length of Service Award: Administrative Costs	Vetoed

DECEASED MEMBERS AND SURVIVOR BENEFITS

Bill Number	Author	Topic	Status
AB 0075	Negrete McLeod	Local Firefighters: Post-Retirement Death Benefit	Failed
AB 0205	Goldberg	Spousal Rights for Domestic Partners	Enacted
AB 0753	Leslie	Safety Employees' Surviving Spouses: Health Benefits	Enacted
AB 0933	Reyes	Survivor Benefits, Definition of Child	Enacted
AB 3094	APER&SS Committee	Collection of Overpayments	Enacted
SB 0268	Soto	Cancellation of Service Credit Purchase Payments and Community Property Settlements	Enacted
SB 1602	SPE&R Committee	Preretirement Death Benefits	Failed

**SUMMARY OF LEGISLATION
BY BILL NUMBER**

2003-2004 SESSION



SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 37 Yee Failed Passage	Oppose	Contracting with County Mental Health Department Requires health plans and insurers to contract with local county departments of mental health anytime medically necessary services for children suffering from serious emotional disturbances are not available through contracting providers, but are available through county mental health departments.
AB 67 McLeod, Negrete Chapter No. 10, Statutes of 2003	Sponsor	CalPERS' Omnibus Bill Contains clarifying and technical amendments to the Government Code sections administered by CalPERS. Most of the content of this bill was included in SB 1539 (2002), which was vetoed by Governor Davis. However, sections that were problematic in that bill have been removed from AB 67. Urgency measure effective 5/14/03.
AB 75 McLeod, Negrete Failed Passage		Local Firefighters: Post-Retirement Death Benefit The post-retirement survivor continuance benefit consists of 25% of the retired member's monthly allowance for service that was coordinated with Social Security, and 50% the allowance for service that was not coordinated. This bill raises the survivor continuance benefit to 40% (coordinated service) and 75% (non-coordinated service) for deceased, retired safety members when the contracting agency amends its contract for this option.
AB 79 Dutra Chapter No. 409, Statutes of 2004		Legislative Reports: Delay Submission This bill would permit public agencies, including CalPERS, to suspend the completion of some of their written reports, until January 1, 2008, unless a later enacted statute extends that date. Urgency measure effective 9/09/04.
AB 85 Wiggins Chapter No. 830, Statutes of 2003		Local Firefighters: Credit for Non-CalPERS Service This bill originally authorized public agencies contracting with CalPERS to provide up to 4 years service credit to local safety members for service rendered as a firefighter of another local, state, or federal agency that does not have reciprocity with CalPERS. This content was removed from the bill on June 27, 2003.
AB 91 Dutton Failed Passage	Oppose Unless Amended	Riverside County Deputy Coroners Authorizes Riverside County to reclassify deputy coroners as county peace officers and thereby make them eligible for local safety benefits. Also excludes the deputy coroner safety positions from coverage under Social Security.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 103 Reyes Failed Passage	Support	Rx Marketing Disclosure Requires a pharmaceutical manufacturing company to disclose to the Bureau of Food and Drug the name of the recipient, and the value, nature, and purpose of any gift, fee, payment, or other economic benefit the company provides to a provider, pharmacy, or health facility. Previous versions would have prohibited specified types of prescription drug marketing activities.
AB 117 Kehoe Chapter No. 202, Statutes of 2003		Membership: Public Transit Employees Existing law provides that whenever the San Diego Metropolitan Transit Development Board acquires ownership of existing facilities from a privately or publicly owned corporation or public utility that has a pension plan in operation, it is required that the members and beneficiaries of the pension plan continue to have the rights, privileges, benefits, obligations, and status under that plan. This bill would allow the board and CalPERS to enroll the members and beneficiaries in, or transfer them to, CalPERS or another retirement system upon the request of any labor organization acting as the employees' representatives. Any contract with CalPERS would be subject to the laws that govern the administration of the system.
AB 133 Bogh Failed Passage	Oppose Unless Amended	Riverside County Deputy Coroners Authorizes Riverside County, by contract option, to include deputy coroners within the definition of county peace officers and to thereby include them within the local safety member classification. Also excludes the deputy coroner safety position from coverage under Social Security.
AB 205 Goldberg Chapter No. 421, Statutes of 2003	Support	Spousal Rights for Domestic Partners Enacts the California Domestic Partner Rights and Responsibilities Act of 2003. Extends the rights and duties of marriage to persons registered as domestic partners on or after January 1, 2005. Would grant domestic partners the same rights and duties as a spouse with regard to all state laws, including community property, pension and death benefits, taxes, and health insurance coverage. Specifies that it will not modify eligibility for CalPERS Long Term Care Program, and preserves local agency regulatory authority in regard to domestic partners.
AB 262 Chan Failed Passage	Support	Disclosure of Physicians' Prescribing Practices Prohibits a person from transmitting, selling, or releasing to a third party, in exchange for remuneration, the prescribing data of a physician, if the physician has placed his or her name on a DO NOT USE list. This list would be maintained by the Medical Board.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 285 McLeod, Negrete Failed Passage		Extension of Reciprocity Eliminates the 6 month limitation for full reciprocity. Currently, members of reciprocal retirement systems (CalPERS, the 1937 Act County Retirement Systems, and 18 California public agency independent systems) must move between periods of employment under the reciprocal retirement systems within 6 months in order to be eligible for the benefits of reciprocity. This bill would provide that an employee could have a break of any duration between periods of employment and remain eligible for full reciprocity.
AB 296 Oropeza Chapter No. 757, Statutes of 2003		2003-04 Budget Trailer Bill Contains clarifying changes related to the provisions contained in the 2003-04 Budget Act. Includes an amendment to the Rural Health Care Equity Program, to clarify the changes enacted by AB 1756 (Chapter 228).
AB 369 Bermudez Chapter No. 861, Statutes of 2003	Neutral	Retired Annuitants: Full-Time Employment Existing law generally requires a CalPERS retiree to reinstate from retirement if he or she is subsequently employed by a CalPERS employer for more than 960 hours per year. This bill would authorize a former safety member who has retired after at least 20 years of service to be appointed as the superintendent, deputy superintendent, or captain of a jail or other local correctional facility that houses state inmates, as specified, without reinstatement from retirement and exceeding 960 hours per year.
AB 375 Bermudez Chapter No. 615, Statutes of 2003		MOU — Units 1, 4, 10, 11, 14, 15, 16, 17, 19, 20, and 21. Contains provisions of the memoranda of understanding between the state and Bargaining Units 1, 4, 10, 11, 14, 15, 16, 17, 19, 20 and 21. States that the 5% raise that was scheduled to go into effect on July 1, 2003 will not be paid, but will be applied at retirement for purposes of final compensation. From January 1, 2004 until December 31, 2005, the employer contribution for health benefits for members would be 80% of the weighted average of the basic health benefit plan premiums, plus 80% of the additional cost for dependents. On January 1, 2006, that amount will increase to 85% for BU 16 and 19 members, with 80% continuing for dependents. The previous version of this bill contained a golden handshake provision for specified state employees.
AB 438 Lieber Failed Passage		Mandated Benefit — Osteoporosis Screening Coverage Current law requires health plans and insurers to provide coverage for osteoporosis services, including screening for those 65 and older. This bill would instead require osteoporosis screening for female patients age 50 years of age and older.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 457 McLeod, Negrete		Golden Handshake: Public Employees
Vetoed		<p>Authorizes specified state, school, and local employees, including state, judicial, legislative and CSU employees, upon a specified determination by their employer, to receive credit for up to 2 additional years of service and up to 2 additional years of age if those employees retire within a designated period, prior to January 1, 2005, and certain other conditions are met.</p> <p><i>See veto message on page 45.</i></p>
AB 459 McLeod, Negrete		CalPERS Membership for Employee Representative; Legislators' Health Benefits; Contracting Agency Employer Contribution for PEMHCA
Failed Passage		<p>Contains changes to the PERL and PEMHCA as follows: (1) Allows specified public employee representatives to contract with CalPERS for retirement and/or health benefits. (2) Changes the number of credited years of service required by a legislator or elective official to become eligible for the state employer contribution for health benefits, from 8 years to 6. (3) Changes the formula used to calculate the employer contribution for health benefits for those contracting agencies paying an unequal contribution for their employees and retirees. The formula in this bill would ensure that the contributions become equal within 20 years of adopting the formula.</p> <p>This content was removed from the bill on June 22, 2004. Previous version contained changes to PEMHCA as recommended by a panel created by SCR 39 (Statutes of 2001), similar to the provisions contained in SB 574.</p>
AB 475 Correa	Sponsor	Member Home Loan Program
Chapter No. 97, Statutes of 2003		Provides authority to the CalPERS Board of Administration to increase the maximum Member Home Loan Program loan from the present level of 95 percent of value to a level of 100 percent.
AB 476 Correa		Use of Cafeteria Plans
Failed Passage		Currently PEMHCA requires an equal employer contribution for active employees and retirees. This bill includes employer payments into a cafeteria plan, or other similar flexible benefits plan, within the definition of an "employer contribution" for purposes of PEMHCA.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 552 Chavez Chapter No. 835, Statutes of 2003	Neutral	Cancellation of Service Credit Purchase Upon Disability: Safety Members <p>CalPERS members may elect to purchase additional credit for public service and other types of service, as specified, subject to the payment of additional contributions. This bill provides that if specified public safety members who have elected to purchase additional service credit become disabled due to industrial causation, their contributions to purchase the service credit would cease if the service being purchased would not increase their allowances. Payments would resume if the member later returns to active service.</p>
AB 555 Bogh Failed Passage		Retired Annuitants: Full-time Employment <p>Existing law generally requires a person who has retired under CalPERS to reinstate from retirement if he or she is subsequently employed by a CalPERS employer for more than 960 hours per year. This bill authorizes a retired safety member to be employed in a public agency as a public safety instructor, without reinstatement from retirement and exceeding 960 hours per year.</p>
AB 632 Kehoe Chapter No. 209, Statutes of 2003		PEMHCA Coverage for IHSS Providers <p>Allows the employer of record for one-type of in-home support service (IHSS) providers to contract for health coverage under PEMHCA, if the employer of record is an agency or instrumentality of the state, or a political subdivision thereof. The employer could only provide PEMHCA health coverage if negotiated with the employee representative.</p> <p>This content was removed from the bill on June 25, 2003.</p>
AB 676 Nakanishi Chapter No. 560, Statutes of 2003	Neutral	Public Service Credit: Independent Data Processing Center <p>CalPERS members may, under existing law, receive service credit for public service, as defined, upon payment of specified additional contributions. This bill would authorize active or retired school members of the system to receive credit for service rendered during a specified period for an independent data processing center, subject to certain conditions. Members receiving credit under this provision would pay the full amount of the service credit purchase.</p>
AB 719 McLeod, Negrete Chapter No. 838, Statutes of 2003	Support	Service Credit Purchase: Unqualified Time <p>CalPERS members may purchase certain types of additional service credit upon payment of additional contributions, as specified. This bill would authorize members of CalPERS to purchase from 1 to 5 years of "unqualified" service credit. Members would need to have earned 5 years of CalPERS service before being qualified to purchase the unqualified service.</p>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 753 Leslie Chapter No. 440, Statutes of 2004	Sponsor	Safety Employees' Surviving Spouses: Health Benefits Current law provides health benefit coverage to the survivor of a safety officer who dies as the result of a work-related illness or injury, if married for one year prior to death. This bill would also provide this benefit for surviving spouses married for less than one year, as long as they were married prior to the onset of the illness or injury leading to the safety officer's death. Urgency measure effective 9/10/04.
AB 849 Lieber Failed Passage		Community Reinvestment States the intent of the Legislature to require a state or local agency that invests public funds and purchases financial instruments from financial institutions to utilize a financial institution that has an outstanding rating under the federal Community Reinvestment Act.
AB 896 Diaz Failed Passage		Membership: Elected and Appointed Local Public Officials Excludes certain elected and appointed local public officials from CalPERS membership. This bill would allow elected local public officials to elect CalPERS membership for their elected service and to purchase past service in those positions for the time when they were excluded from membership. This benefit would be optional to local contracting agencies, and retirement benefits for that service shall be limited to the compensation earned while in elected or appointed office. Retirees would not be eligible for health coverage under PEMHCA for service earned while an elected official. This content was removed from the bill on September 12, 2003.
AB 933 Reyes Chapter No. 840, Statutes of 2003	Support	Survivor Benefits: Definition of Child Expands the definition of a child, for purposes of receiving special death benefits, to include a stepchild who was living or domiciled with a deceased member who was a law enforcement officer, public agency employee, contractor for a public agency, or employee of such a contractor, at the time of death. Contains a retroactive effective date of January 1, 2001.
AB 977 Diaz Chapter No. 616, Statutes of 2003		Memorandum of Understanding — Unit 9 Contains provisions of the memoranda of understanding between the state and Bargaining Unit 9. States that the 5% raise that was scheduled to go into effect on July 1, 2003 will not be paid, but will be applied at retirement for purposes of final compensation. Beginning January 1, 2004, the employer contribution for health benefits for members would be 80% of the weighted average of the basic health benefit plan premiums, plus 80% of the additional cost for dependents.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1082 Laird Chapter No. 764, Statutes of 2003	Support	Eligibility of Non-Registered Domestic Partners Under current law, domestic partners may only participate in PEMHCA if they are registered with the Secretary of State. This bill expands PEMHCA eligibility to include domestic partners who meet the criteria of a domestic partner, as defined by a contracting agency, if the agency adopted that definition prior to January 1, 2000--the date that registered domestic partners were eligible to enroll in PEMHCA.
AB 1084 Maddox Failed Passage	Oppose	Vision Care Providers Current law allows a health plan to provide coverage of vision care services, and states that an enrollee may not be prohibited from selecting an optometrist for the delivery of those services. This bill would instead require a health plan that offers vision care benefits to contract with sufficient optometrists and physicians (ophthamologists) so an enrollee has a choice between obtaining services from a physician or an optometrist.
AB 1209 Nakano Chapter No. 8, Statutes of 2004	Support	Public Records Act – Confidential Documents Current law provides for public disclosure of most public documents; however, some documents are exempt from disclosure. This bill expands that exemption to include documents prepared by a state agency for distribution or consideration in a closed session that assesses its vulnerability to terrorist attack or other criminal acts intended to disrupt the public agency's operations. Urgency measure effective 1/22/04.
AB 1253 Bermudez Vetoed	Neutral	Golden Handshake: State Employees Grants specified state employees, other than school members and state members employed by the California State University, an additional 2 years of service credit if those employees retire within a period, to be designated by the Director of Finance, during the 2004-05 fiscal year and if other conditions are met. Employees retiring with the extra 2 years of service credit would be required to convert any unused vacation or leave time to service credit at the rate of 0.004 year of service credit for each unused day of leave time or vacation. This content was removed from the bill on August 17, 2004.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1281 Pavley Failed Passage		Industrial Disability Retirement: Reduced Age Factors for Local Safety Members Creates a new disability retirement formula for local safety members. It would apply to members who have earned enough service credit to exceed 50 percent of their compensation, but who are not old enough to retire for service retirement. The reduced factors will be applicable to local safety members who become disabled while subject to the 3 percent at age 50 formula or the 3 percent at age 55 formula. This content was removed from the bill on January 29, 2004.
AB 1286 Frommer Chapter No. 591, Statutes of 2003		Continuity of Care Requires a health plan to notify enrollees at least 60 days prior to a contract termination with a health care provider group. A health plan would be required to perform a block transfer of enrollees to other providers. If a contract is later agreed upon, enrollees could only be transferred back to that provider group upon individual request. Provides enhanced continuity of care rights for enrollees undergoing a course of treatment for specified conditions with the terminated provider.
AB 1321 Oropeza Chapter No. 848, Statutes of 2003	Support	Contracting Agencies: Quarterly Reports Requires CalPERS to submit, upon a contracting agency's request, a quarterly report of the contracting agency's contributions and benefits paid, and an estimate of the agency's earnings and administrative expenses with respect to the system, as specified. Agencies requesting these reports, which require manual processing, shall pay \$1,500 per quarterly report until CalPERS' systems can be automated to provide the reports.
AB 1428 Levine Chapter No. 850, Statutes of 2003	Sponsor	Release Time: CalPERS Board Members Under current law, the employer of an elected CalPERS Board member is entitled to reimbursement for the costs of employing a replacement for the time the elected member spends on Board-related duties. This bill would delete the requirement that the reimbursement for costs not exceed 25% of the member's total annual compensation and make the higher reimbursement amount effective as of February 1, 2003. Costs reimbursed would be limited to direct and reasonable costs.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1498 Wiggins Chapter No. 25, Statutes of 2004		CalPERS Public Agency Definition: SAFE-BIDCO Existing law creates the nonprofit State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO). This bill would authorize the corporation to enter into a contract with CalPERS for participation of the corporation's employees as members of the system if the corporation obtains a ruling from the U.S. Department of Labor defining it as a public agency. This bill makes other changes related to the administration of SAFE-BIDCO. Urgency measure effective 3/17/04.
AB 1523 Garcia Failed Passage	Support, if Amended	Long-Term Care Tax Credit Allows a credit for an amount equal to 25% of the amount paid or incurred by the taxpayer for long-term care insurance for any family member of the taxpayer, not to exceed \$1,000 per family member.
AB 1527 Frommer Failed Passage		Universal Coverage — Pay or Play States the intent of the Legislature to establish a "pay or play" system to reduce the number of uninsured. Previous version would have required every employer with 51 or more employees to provide health coverage to its employees and their dependents, unless the employer pays an unspecified percentage of its total payroll cost. The bill would also have created the California Health Insurance Pool that MRMIB would be responsible for administering. Any employed individuals, including their dependents, whose employer opts to pay a percentage of payroll costs could receive health care coverage provided by the pool.
AB 1528 Cohn Chapter No. 672, Statutes of 2003	Neutral	Health Care Quality Improvement and Cost Containment Commission; Universal Coverage — Pay or Play Creates the California Health Care Quality Improvement and Cost Containment Commission. The commission must issue a report by January 1, 2005 making recommendations for health care quality improvement and cost containment. (This proposal is a product of the universal coverage conference committee.) Previous version would have enacted the California Essential Health Benefits Program to be administered by MRMIB. The bill stated the Legislature's intent that every employer provide health coverage to its employees and their dependents, or else pay an assessment to the program. Also contained a mandate that all Californians secure health benefit coverage.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1549 Frommer		Mandated Benefits — Coverage for Asthma Therapies
Failed Passage		Requires DMHC to develop a universal drug and device formulary for the treatment of pediatric asthma and to adopt a regulation outlining that formulary. Previous version would have required health plans to provide coverage of the drugs and devices included in that formulary and of associated training and education.
AB 1584 Assembly PER&SS Committee	Sponsor	CalPERS' 2003 Omnibus Bill
Chapter No. 519, Statutes of 2003		This is CalPERS' 2003 Omnibus Bill. It contains technical and non-controversial amendments to the laws CalPERS administers.
AB 1586 Assembly PER&SS Committee		State and Local Safety Members: 100% Benefit Limit
Chapter No. 442, Statutes of 2004		Increases the retirement benefit limit for local safety members from 90% to 100% of final compensation for those members who retire on or after January 1, 2004. Increases the benefit limit for state patrol members and peace officer/firefighter members in BU 8 in the same way, if CalPERS submits to the DPA and the Director of Finance a cost analysis determining that the increase shall result in either a neutral cost or a cost savings to the state employer.
		This content was removed from the bill on January 5, 2004.
AB 1587 Assembly PER&SS Committee		Extension of Reciprocity
Chapter No. 852, Statutes of 2003		Eliminates the 6 month limitation for full reciprocity. Currently, members of reciprocal retirement systems (CalPERS, the 1937 Act County Retirement Systems, and 18 California public agency independent systems) must move between periods of employment under the reciprocal retirement systems within 6 months in order to be eligible for the benefits of reciprocity. This bill would provide that an employee could have a break of any duration between periods of employment and remain eligible for full reciprocity.
		This content was removed from the bill on September 4, 2003.
AB 1606 Horton, Shirley	Sponsor	Eligibility During Military Leave
Chapter No. 271, Statutes of 2003		Adds a provision to PEMHCA to clarify that an employee of a contracting agency and his or her family members may continue enrollment in PEMHCA, for up to one year, if the employee is granted a leave of absence for military duty by the contracting agency. Urgency measure effective 9/04/03.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1611 Levine	Support	Contribution After Reinstatement
Failed Passage		Allows an annuitant who, after reinstatement to active employment, subsequently retires to enroll in PEMHCA as an annuitant of the employer from which he or she first retired, unless the annuitant is entitled to a greater employer contribution from the employer from which he or she subsequently retires. To be eligible, retirement must occur within 120 days after separation from employment from the most recent employer.
AB 1619 Jackson		Payrate: Specified Employees
Failed Passage		Current law defines payrate for the purpose of calculating member's benefits. This bill would provide that excluded employees, nonelected officers, and employees of the executive branch shall have a specified definition of compensation earnable to be considered compensation for retirement purposes. This bill would eliminate the current provision defining payrate for these individuals.
AB 1627 Frommer	Support with Amendments	Hospital Charge Masters
Chapter No. 582, Statutes of 2003		Requires a hospital that uses a charge master to make available onsite a written or electronic copy to any person upon request. Requires a hospital to file a copy of its charge master annually with OSHPD, the state agency that collects data pertaining to health facilities. Also requires each hospital to provide OSHPD a list of charges for the 25 most common services or procedures. OSHPD is authorized to publish the 10 most common Medicare diagnostic related groups (DRGs) with the average charge for each of the DRGs per hospital. Also contains other technical changes.
		Previous version would have prohibit a hospital from making a material change in its charge master more than once per year.
AB 1629 Frommer	Support	Health Facility Data Collection
Chapter No. 875, Statutes of 2004		Requires every licensed hospital to provide OSHPD the health facility data required under the Health Data and Advisory Council Consolidation Act for all affiliates. Affiliates would include other entities for which the hospital exercises control, responsibility, or governance over a material portion of the assets or operations. The information reported on behalf of the affiliates must include specified financial data and patient utilization data. Also specifies the standards that OSHPD is required to consider in developing its data reporting requirements.
		This content was removed from the bill on August 16, 2004.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1693 Wolk Failed Passage		Safety Reclassification: Bargaining Unit 7 Existing law provides that, on July 1, 2004, state miscellaneous employees in BU 7, employees in related managerial, supervisory, and confidential positions, and specified employees of the executive branch are to be reclassified from the state miscellaneous member classification to the state safety member classification. This bill changes the date of reclassification to July 1, 2005.
AB 1756 Committee on Budget Chapter No. 228, Statutes of 2003		2003-04 Budget Trailer Bill Contains changes related to the provisions contained in the 2003-04 Budget Act. Specifies that out-of-state annuitants are no longer eligible for the subsidies under the Rural Health Care Equity Program. Urgency measure effective 8/11/03.
AB 1765 Committee on Budget Chapter No. 157, Statutes of 2003		2003-04 Budget Act Makes appropriations for support of state government for the 2003-04 fiscal year. Urgency measure effective 8/02/03.
AB 1827 Cohn Chapter No. 576, Statutes of 2004		Closed Session for Bureau of State Audit Reports Notwithstanding other provisions of law, this bill would allow a state or local agency to meet in closed session to discuss its response to a confidential final draft audit report from the Bureau of State Audits. The bill also authorizes a state body to hold the closed session as a special meeting, as specified.
AB 1875 Maldonado Chapter No. 654, Statutes of 2004		Local Agency Benefit Formulas Amends the local agency retirement benefit formulas enacted by AB 616 (Ch. 782, Statutes of 2001) to specify that when an agency elects a formula, the formula will apply towards a member's entire service credit with that employer. Current law specifies that the formulas enacted by AB 616 only apply toward future service. This bill will also require the state, upon request, to meet and confer with supervisory employee organizations under specified circumstances.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1927 Dymally Failed Passage	Oppose	<p>Vision Care Providers</p> <p>Current law allows a health plan to provide coverage of vision care services, and states that an enrollee may not be prohibited from selecting an optometrist for the delivery of those services. This bill would instead require a health plan that offers vision benefits to contract with optometrists and to allow optometrists to provide services to the full extent of their license.</p> <p>This content was removed from the bill on June 28, 2004.</p>
AB 1957 Frommer Vetoed		<p>Reimportation of Prescription Drugs</p> <p>Requires the Department of General Services (DGS) to coordinate a review of state agencies, including CalPERS, to determine potential savings if prescription drugs are purchased from Canada and to establish pilot programs. Requires the Department of Health Services (DHS) to establish a Web site to facilitate purchasing of prescription drugs at reduced prices. Requires the Web site to include price comparisons, including Canadian prices and links to Canadian pharmacies that meet specified requirements.</p> <p><i>See veto message on page 46.</i></p>
AB 1958 Frommer Vetoed	Support	<p>CalPERS Rx Purchasing Consortium</p> <p>Authorizes the Board to establish a prescription drug purchasing consortium. Uninsured individuals, public group purchasers, public institutions, and small private employers are authorized to participate in the consortium, with the Board determining eligibility criteria by regulation. The operation of the pharmaceutical purchasing consortium authorized by this bill is contingent upon funding by the Legislature for initial start-up costs. The consortium could not be implemented if it jeopardizes CalPERS' governmental plan status.</p> <p><i>See veto message on page 47.</i></p>
AB 1959 Chu Chapter No. 938, Statutes of 2004	Neutral	<p>State Auditor Evaluation of Drug Purchasing</p> <p>Requires the State Auditor to conduct an audit of the state's procurement and reimbursement with respect to the purchasing of prescription drugs for or by state agencies, including CalPERS. The audit report is due to the Legislature by May 31, 2005. The State Auditor is required to submit a status report in 2006 regarding implementation of its recommendations. The bill also states the Legislature's intent to conduct subsequent audits in 2007 and 2009, if warranted.</p>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 1960 Pavley Vetoed	Support	<p>PBM Disclosure Requirements</p> <p>Requires a pharmaceutical benefit manager (PBM) to disclose to its purchasers and prospective purchasers specified aggregate information regarding its rebate arrangements. Also prohibits a PBM from substituting a prescribed medication, except under specified circumstances.</p> <p><i>See veto message on page 48.</i></p>
AB 2033 Nakano Failed Passage		<p>PEMHCA Eligibility: National Guard</p> <p>Allows members of the California National Guard, the Military Reserve, or the Naval Militia to enroll in PEMHCA, with an employer contribution to be paid by the state, regardless of whether those members are on active duty.</p>
AB 2044 Garcia Failed Passage		<p>LTC Insurance Tax Credit</p> <p>States the intent of the Legislature to enact a tax credit for the amount paid or incurred by the taxpayer for long-term care or long-term care insurance for any family member of the taxpayer.</p>
AB 2103 McLeod, Negrete Chapter No. 635, Statutes of 2004		<p>MOU — Bargaining Unit 5</p> <p>Contains MOU provisions for Bargaining Unit 5, affecting California Highway Patrol employees, specifying that final compensation for purposes of retirement includes compensation the member would have earned effective July 1, 2004 if a specified 5% reduction in compensation had not occurred. Urgency measure effective 9/21/04.</p>
AB 2111 Committee on Budget Failed Passage		<p>LRS; Local Agency Benefit Formulas; MOU — Bargaining Unit 5</p> <p>Amends LRS to remove requirement for recalculation of a legislator's retirement allowance when the former legislator accepts salaried public employment. Amends the local agency retirement benefit formulas enacted by AB 616 (Ch. 782, Statutes of 2001) to specify that when an agency elects a formula, the formula will apply towards a member's prior service credit with that employer. Current law specifies that the formulas enacted by AB 616 only apply toward future service. Also contains clean-up provisions for the Alternate Retirement Program, PEMHCA, and the Defined Benefit Program of CalSTRS. Contains MOU provisions for Bargaining Unit 5, affecting employees of the California Highway Patrol.</p>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 2112 Committee on Budget Failed Passage		LRS and Local Agency Benefit Formulas Amends LRS to remove requirement for recalculation of a legislator's retirement allowance when the former legislator accepts salaried public employment. Amends the local agency retirement benefit formulas enacted by AB 616 (Ch. 782, Statutes of 2001) to specify that when an agency elects a formula, the formula will apply towards a member's prior service credit with that employer. Current law specifies that the formulas enacted by AB 616 only apply toward future service. Also contains clean-up provisions for the Alternate Retirement Program, PEMHCA, and the Defined Benefit Program of CalSTRS.
AB 2117 Committee on Budget Failed Passage		Budget Trailer Bill – LTC Program Assessment This is a budget trailer bill for health programs administered by the state. As it pertains to CalPERS, this bill extends the operation of the California Partnership for Long-Term Care Program, and also requires any organization issuing policies certified under the program to contribute at least \$20,000 annually to fund education and marketing expenses conducted by the program.
AB 2119 Committee on Budget Failed Passage		State Employees: Alternative Retirement Program and Extension of Rural Health Care Equity Program Contains provisions establishing an alternative retirement program for new state employees, similar to the language enacted in SB 1105. Also extends the operation of the Rural Health Care Equity Program until January 1, 2008. This content was removed from the bill on August 23, 2004.
AB 2120 Chapter No. 802, Statutes of 2004		Information Technology Contracts Provides that for contracts related to information technology integration or development projects that generate revenues or achieve savings over a quantifiable baseline of existing costs, state agencies would be required to consider, and would be authorized to incorporate, performance-based or share-in-savings contract terms to manage risks and create incentives for successful contract performance. The earlier version of this bill pertained to pension obligation bonds. That language was later enacted as part of SB 1106.
AB 2185 Frommer Chapter No. 711, Statutes of 2004		Mandated Benefits – Asthma Treatment Requires health plans that provide outpatient prescription drug benefits to also provide coverage for certain devices related to the treatment of asthma.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 2326 Corbett		Prescription Drug Report Card
Failed Passage		Requires DMHC to publish an annual report card, beginning January 1, 2006, based on evidence-based research, on the safety, efficacy, and cost of prescription drugs to be posted on the DMHC's Web site. CalPERS and other state agencies would be notified as to the completion of the report card and its updates. Funding for startup costs would be sought from federal or private charitable sources.
AB 2330 Samuelian	Support	Volunteer Firefighters Length of Service Award: Administrative Costs
Vetoed		Provides for funding of up to \$120,000 per year of the administrative costs of the Volunteer Firefighters Length of Service Award Fund, contingent upon appropriation from the General Fund. <i>See veto message on page 49.</i>
AB 2355 Oropeza	Neutral	CalPERS: Administrative Costs
Chapter No. 190, Statutes of 2004		Requires the Board, upon request, to provide information to a contracting agency regarding administrative costs. Previous version would have required that the administrative costs charged to a contracting agency be based on the agency's pro rata share of the actuarial accrued liability for all employers within the system.
AB 2364 Correa	Sponsor	Public Pension Systems: Credit Enhancement
Chapter No. 266, Statutes of 2004		Codifies the authority of state public pension systems to establish credit enhancement programs, subject to and consistent with their fiduciary duty and the conflict of interest provisions of Section 503 of the Internal Revenue Code. Urgency measure effective 8/23/04.
AB 2391 Koretz		Contracting for Legal Services
Failed Passage		Prohibits any state agency from contracting for legal services if the hourly rate of compensation for these services equals more than 250% of the hourly rate billed to state agencies by BU 2.
AB 2580 Goldberg		Domestic Partners — Clarification of AB 205
Chapter No. 947, Statutes of 2004		Specifies that for purposes of implementing AB 205, the "date of registration of the domestic partnership" is the equivalent of the "date of marriage," as it relates to rights or duties of domestic partners. It also makes enforceable agreements between registered domestic partners entered into prior to January 1, 2005, if those agreements are executed and effective on or before June 30, 2005.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 2680 McLeod, Negrete Chapter No. 378, Statutes of 2004		CalPERS: Property Acquisition for STRS Existing law authorizes the STRS Board to remodel, equip, or construct an office building in Sacramento County for a headquarters facility for STRS. Existing law also gives the CalPERS Board the authority to acquire property for use by STRS or other state retirement systems. This bill removes STRS from the systems for which the CalPERS Board has the authority to acquire property.
AB 2711 Leno Chapter No. 268, Statutes of 2004	Support	Local Agency Transfer Agreements Authorizes CalPERS to enter into an agreement with the San Francisco City and County Employees' Retirement System for the transfer of assets and liabilities with respect to safety members who are employed by the city and county or the local fire authority, as a result of a transfer of firefighting or law enforcement functions.
AB 2713 Pavley Vetoed		Legal Representation of Governmental Organizations Authorizes an attorney who, in the course of representing a governmental organization, learns of improper governmental activity, as defined, to urge reconsideration of the matter and to refer it to a higher authority in the organization. The bill would also authorize the attorney, in specified circumstances, to refer the matter to a law enforcement agency or to another governmental agency and would exempt the attorney from disciplinary action for making a referral of the matter. <i>See veto message on page 50.</i>
AB 2736 McLeod, Negrete Failed Passage		State Military Personnel: Membership Provides that officers, warrant officers, and enlisted personnel of specified state military organizations shall become state members of the retirement system upon completing at least one year of satisfactory service, whether part-time or full-time, as determined by the Military Department. Authorizes those persons to be members of the system when serving on a part-time basis. Also authorizes those members to receive service credit for prior satisfactory service in those state military organizations, if those members pay certain additional contributions to the system.
AB 2752 Chu Vetoed	Support	Corporate Election Procedures Requires publicly traded companies subject to the California Corporations Code to establish corporate election procedures for election to the board of directors. Also requires corporations to make a copy of their corporate election procedures available to shareholders upon a written request, and to post the procedures on the corporate website. <i>See veto message on page 51.</i>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 2759 Levine Chapter No. 489, Statutes of 2004		Health Plans: Rural Withdrawals Prohibits a health plan or insurer that withdraws from a market area in California from doing business in that market area for a period of five years after the date of withdrawal. Also requires a health plan or insurer providing individual health insurance coverage that withdraws from a market area in California to continue providing coverage to those individuals indefinitely. April 15, 2004 amendments removed provisions applicable to group coverage.
AB 2773 Richman Failed Passage		Public Employees: Workers' Compensation Benefits Limits workers' compensation benefits for public employees who are also receiving a disability retirement from CalPERS.
AB 2903 Campbell Failed Passage	Oppose	State Employees' Retirement: Increased Contributions, Reduced Benefits for New Hires Increases state employee contributions to CalPERS by 1 percent. Also creates a lower tier of benefits for all state employees hired after the bill's implementation date.
AB 2956 Wiggins Vetoed		Extension of Reciprocity Intended to increase the time period for members to move between retirement systems with reciprocity in effect from six months to 36 months. However, this bill inadvertently reduces the time period for most reciprocity benefits from six months to 90 days for most CalPERS members. <i>See veto message on page 52.</i>
AB 2985 McCarthy Failed Passage		Universal Coverage — Suspension of SB 2 Requirements Suspends the requirements otherwise imposed on employers pursuant to SB 2 at any time that EDD determines that the overall unemployment rate in the state has been at 7% or higher for at least 3 consecutive months. The suspension would remain in effect for a minimum of 2 years, and would be lifted with one months' advance notice if EDD determines that the overall unemployment rate in the state has been below 7% for 3 consecutive months.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
AB 3016 Pavley Chapter No. 282, Statutes of 2004		Privacy: Use of Social Security Numbers Previous legislation prohibited publicly posting or displaying an individual's Social Security number, but allowed the 'continued use' of the Social Security number provided specified conditions are met. This bill deletes the 'continued use' provisions effective July 2006, except as required by state or federal law or for internal verification and administrative purposes.
AB 3082 Committee on Judiciary Chapter No. 183, Statutes of 2004		Code Maintenance Makes technical, nonsubstantive changes in various provisions of law to effectuate the recommendations made by the Legislative Counsel to the Legislature.
AB 3094 Assembly PER&SS Committee Chapter No. 506, Statutes of 2004	Sponsor	Collection of Overpayments Adds an exemption to the provisions of the California Right to Financial Privacy Act to require a financial institution to provide CalPERS, CalSTRS, or the 1937 Act County Retirement Systems with information as to who had access to the funds paid to a deceased retiree's account after the date of his or her death.
AJR 8 Mountjoy Failed Passage	Support	LTCI Tax Deduction Resolution Requests the President and Congress to enact new tax benefits that will allow individuals to deduct the total cost of any premiums paid for a qualified long-term care insurance contract regardless of the income of the taxpayer, the total amount paid by the taxpayer for medical expenses, or the age of the insured individual.
AJR 79 Chu Chapter No. 92, Statutes of 2004	Support	Corporate Elections Urges the Securities and Exchange Commission to implement proposed Rule 14a-11 at the earliest possible date, to address the urgent need for reform to increase shareholder access to the proxy in corporate board elections and to promote corporate board accountability and responsiveness to shareholder concerns.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 2 Burton Chapter No. 673, Statutes of 2003	Support, if Amended	Universal Coverage — Pay or Play Creates the State Health Purchasing Program, which would be administered by the Managed Risk Medical Insurance Board (MRMIB). Requires MRMIB to secure health plan coverage for those individuals whose employers are required to pay a fee. Beginning January 1, 2006, this bill would phase in the employer coverage requirement, which specifies that an employer must pay a fee to the pool, to be determined annually by MRMIB, or else contribute a specified percentage toward the cost of qualifying health benefits for its employees and/or dependents. Although this bill was signed into law by Governor Davis, a 2004 referendum (Proposition 72) overturned this legislation.
SB 25 Bowen Chapter No. 907, Statutes of 2003	Neutral	Public Agency Restricted Use of Social Security Numbers Expands restrictions on Social Security number usage, already imposed on the private sector, to state and other public agencies.
SB 26 Figueroa Failed Passage		Health Plan Rate Review Requires health plans and insurers to receive approval by DMHC or DOI of an increase in rates, including the premium, copayment, coinsurance, deductible, and any other charge. The health plan or insurer must submit an application, which then becomes public record. Also requires a refund by a health plan for any increase in rates imposed between 4/1/00 and 1/1/04, if DMHC deems that the rate was "excessive, inadequate, or unfairly discriminatory." Authorizes DMHC and DOI to assess a fee on health plans and insurers for the cost of implementing this bill.
SB 53 Dunn Failed Passage	Neutral	State and Local Safety Members: 100% Benefit Limit Increases the retirement benefit limit for local safety members from 90% to 100% of final compensation for those members who retire on or after January 1, 2004. Increases the benefit limit for state patrol members and peace officer/fire fighter members in BU 8 in the same way if CalPERS submits to the DPA and the Director of Finance a cost analysis determining that the increase shall result in either neutral cost or cost savings to the state employer.
SB 79 Committee on Judiciary Chapter No. 149, Statutes of 2003		Trial Court Restructuring Conforms various statutory provisions of law to the unification of the courts required by the California Constitution. The bill would also make related statutory changes to various provisions of the Judges' Retirement Law.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 100 Dunn	Neutral	Local Safety Members: 100% Benefit Limit
Failed Passage		Under current law, service retirement benefits for local safety members who retire on or after January 1, 2002 may not exceed 90% of final compensation. This bill would increase this benefit limitation to 100% of final compensation for local safety members who retire on or after January 1, 2004.
SB 101 Chesbro		Mandated Benefits — Substance Abuse Treatment
Failed Passage		Requires health plans and insurers to provide coverage for substance abuse disorders on the same basis as coverage for any other medical care.
SB 121 Margett	Support, if Amended	Income Tax Credit for Long Term Care Insurance
Failed Passage		Allows a credit for 30% of the amount paid or incurred by the taxpayer for long-term care or long-term care insurance for the taxpayer or any parent of the taxpayer, up to \$300 per individual.
SB 126 Chesbro	Support	Rural Health Care Equity Program — Extension
Failed Passage		Extends the operation of the Rural Health Care Equity Program to January 1, 2008. Otherwise, this program will sunset on January 1, 2005. Previous version also would have increased the monthly payment to a Medicare participant from \$75 to \$85.
SB 174 Scott		Mandated Benefit — Hearing Aid Coverage
Failed Passage		Requires health plans and insurers to provide coverage for up to \$1,000 for hearing aids to enrollees under 18 years of age.
SB 261 Speier		Medical Group Financial Solvency Requirements
Vetoed		Contains many provisions pertaining to health plan and provider contracts, including the following: (1) Requires such a contract to provide for up to 6 months extension if the contract is not renewed; (2) Requires a risk-bearing organization to register with the DMHC and to provide basic corporate information; (3) Prohibits a health plan from contracting with a non-registered risk-bearing organization; (4) Establishes a grading system for DMHC to utilize in assessing the financial solvency of risk-bearing organizations and requires those organizations to indicate whether they meet those financial solvency standards; and (5) Allows the DMHC to release nonidentifiable, aggregate financial data and the "grade" awarded pursuant to the financial solvency ranking provided in this bill.
		<i>See veto message on page 53.</i>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 268 Soto	Co-Sponsor	Cancellation of Service Credit Purchase Payments & Community Property Settlements
Chapter No. 855, Statutes of 2003		Allows certain members who have elected to purchase service credit on an installment basis, or their survivors, to prospectively discontinue the payments if the member becomes disabled or dies under special death circumstances and the service credit purchase will not benefit the member or survivor. Future installment payments beginning on or after January 1, 2004 will include an actuarial adjustment of approximately \$2-\$4 per month to prevent loss of revenue to employers. Also provides a new retirement calculation for any member whose retirement account has been separated pursuant to a community property settlement. Allows a divorced member to exercise certain rights when the nonmember spouse forfeits those rights by electing a refund of contributions.
SB 269 Soto	Sponsor	Compensation of Key Employees
Chapter No. 856, Statutes of 2003		Allows the CalPERS Board of Administration to determine the compensation of certain key positions, stipulating that such determinations must be guided by the principles contained in statutes governing the creation of salary ranges for each class or position. The individuals in these positions would be subject to more stringent conflict of interest provisions than contained in current law. This bill also contains a similar provision to allow the Teacher's Retirement Board to determine the compensation of certain key positions within CalSTRS.
SB 271 Soto	Sponsor	Termination of Agency Contracts
Chapter No. 462, Statutes of 2003		Allows CalPERS to assess interest and penalties when agency contributions are not paid timely, or legal fees when necessary to collect contributions. This bill would also allow CalPERS to merge a terminated plan into the terminated agency pool and to determine the appropriate benefit reduction, if any, paid to members in the terminated plan due to inadequate funding of the terminated plan. If the terminated agency plan is underfunded, members in the plan would be entitled to benefits to which members were entitled 36 months prior to plan termination.
SB 325 Florez		Corporate Securities – Lengthen Statute of Limitations
Failed Passage		The Code of Civil Procedure establishes a 3-year statute of limitations to initiate a civil court suit for fraud or mistake. This bill extends the statute of limitations to 5 years in cases of fraud in connection with the sale or issuance of corporate securities.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 348 Alarcon		MOU — Units 7 and 9
Vetoed		<p>Contains provisions of the memorandum of understanding between the state and Bargaining Units 7 and 9. States that the 5% raise that was scheduled to go into effect on July 1, 2003 will not be paid, but will be applied at retirement for purposes of final compensation. Beginning January 1, 2004, the employer contribution for health benefits for members would be 80% of the weighted average of the basic health benefit plan premiums, plus 80% of the additional cost for dependents.</p> <p>This content was removed from the bill on August 23, 2004.</p>
SB 355 Florez		Securities Fraud Prohibition
Failed Passage		<p>The California Corporate Securities Law of 1968, provides that it is a crime for anyone to offer for sale securities by any communication containing untrue or misleading statements. This bill would provide that it is a crime to employ any device, scheme, or artifice to defraud in connection with the offer, purchase, or sale of any security; or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit in connection with the offer, purchase, or sale.</p>
SB 395 Florez		Destruction of Evidence
Failed Passage		<p>Existing law provides that every director, officer, agent, or shareholder of any corporation, who, with intent to defraud, destroys, alters, or falsifies any of the books, papers, or securities belonging to the corporation, or makes or concurs in omitting to make any material entry in any book of accounts or other corporate record or document, is guilty of a public offense. This bill would elevate that crime to a felony.</p>
SB 396 Florez		Coverage of Securities Fraud
Failed Passage		<p>Existing law provides that an insurer is not liable for a loss caused by the willful act of the insured. This bill would provide that an insurer is liable for a loss caused by the intentional commission of securities fraud by the insured.</p>
SB 436 Soto	Sponsor	PEMHCA Stability
Chapter No. 751, Statutes of 2003		<p>This bill seeks to improve stability in the CalPERS health program by amending PEMHCA to: (1) Allow the Board to establish criteria by regulation for agencies electing to participate in the program. (2) Allow longer-term contracts with health plans. (3) Allow the Board to offer health plans with regionally priced premiums for employees and annuitants of contracting agencies. (4) Allow the Board to offer health plans exclusively for the employees and annuitants of contracting agencies.</p>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 437 Burton	Support	Contribution Reduction for Legislative Employees Authorizes specified employers of the legislative branch of state government to establish the normal contribution rate for their respective employees for a 12-month period, as specified. Urgency measure. <i>See veto message on page 54.</i>
Vetoed		
SB 439 Senate PE&R Committee		MOU — Units 5 and 8 Contains provisions of the memoranda of understanding between the state and Bargaining Units 5 and 8. States that the 5% raise that was scheduled to go into effect on July 1, 2003 will not be paid, but will be applied at retirement for purposes of final compensation. From January 1, 2004 until December 31, 2005, the employer contribution for health benefits for members in BU 5 and 8 would be 80% of the weighted average of the basic health benefit plan premiums, plus 80% of the additional cost for dependents. On January 1, 2006, that amount will increase to 85% for members, with 80% continuing for dependents.
Chapter No. 617, Statutes of 2003		
SB 461 Burton		Vision Care for Annuitants Requires CalPERS to provide vision care benefits, comparable to those provided to active state employees, to state annuitants who retire on or before January 1, 2004.
Failed Passage		
SB 574 Alpert		PEMHCA Changes Recommended by SCR 39 Panel This bill contains changes to PEMHCA as recommended by a panel created by SCR 39 (Statutes of 2001). The bill includes many requirements, including the following: (1) Requires multi-year contracts with health plans; (2) Requires health plans to implement disease management programs for specified conditions; (3) Prohibits health plans from charging copayments for specified prescription drug refills; (4) Requires health plans to eliminate handwritten prescriptions and to implement electronic prescribing technology; (5) Requires health plans to provide specified preventive care programs; (6) Requires health plans to print ICD-9 codes on prescription labels; (7) Creates a PEMHCA Review Panel, with specified members, to oversee compliance with these requirements and to make annual recommendations to the Legislature. This content was removed from the bill on March 4, 2004.
Failed Passage		

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 579 Soto Failed Passage		<p>Service Credit for Sick Leave Upon Retirement</p> <p>Under existing law, state and school members of CalPERS who retire within 4 months of separation from employment are credited with .004 year of service credit for each day of unused sick leave, except as specified. This bill instead provides state excluded employees with one hour of service credit for each unused hour of sick leave.</p> <p>This content was removed from the bill on April 21, 2003.</p>
SB 600 Committee on Judiciary Chapter No. 62, Statutes of 2003		<p>Code Maintenance</p> <p>Makes technical, non-substantive changes in various provisions of law to effectuate the recommendations made by the Legislative Counsel to the Legislature.</p>
SB 625 Senate PE&R Committee Chapter No. 371, Statutes of 2003	Support	<p>Substitutes at CalPERS Board Meetings</p> <p>Permits the Director of the State Department of Personnel Administration (DPA) to designate as a deputy any person employed under the Director's authority to sit and act in his or her place on the CalPERS Board of Administration or any of its committees.</p>
SB 626 Senate PE&R Committee Chapter No. 69, Statutes of 2004	Sponsor	<p>Recodification of PEMHCA</p> <p>Recodifies the provisions of the Public Employees Medical and Hospital Care Act (PEMHCA) in order to provide greater clarity. Urgency measure effective 6/26/04.</p>
SB 640 Burton Chapter No. 657, Statutes of 2003	Support	<p>Prohibition on State Contracting with Expatriate Corporations</p> <p>Prohibits a state agency from entering into a contract with a publicly held expatriate corporation or its subsidiaries, unless specified conditions are met.</p>
SB 766 Florez Failed Passage		<p>Securities Fraud: Remedies</p> <p>Makes various findings by the Legislature concerning recent court decisions relating to securities fraud and declares the Legislature's intent to abrogate the decisions. The bill would specify that a person is not required to be a market participant for purposes of the civil remedy provided under these provisions.</p>

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 777 Escutia Chapter No. 484, Statutes of 2003	Support	Whistleblowers: Corporate Entities and Officers Existing law provides whistleblower protection by prohibiting employers from retaliating against employees who disclose violations of state or federal laws or regulations. This bill extends those protections to past employment, and to those who report violations of state or federal rules, and also protects those who refuse to participate in unlawful actions. SB 777 directs the Attorney General to maintain a whistleblower hotline. Provides that state agencies required by current law to post a notice of written explanation of the Whistleblower Protection Act, shall be deemed in compliance with this requirement if the notice also contains the whistle blower hotline number.
SB 836 Soto Failed Passage	Oppose Unless Amended	Riverside County Safety Membership: Haz Mat Employees Authorizes Riverside County to reclassify from miscellaneous to safety its officers and employees who are in a job classification in which there is a probability of regular exposure to, and risk from, hazardous materials.
SB 853 Escutia Chapter No. 713, Statutes of 2003		Health Plans – Language Assistance Requires, by January 1, 2006, DMHC and DOI to develop and adopt regulations to ensure that health plan and health insurer enrollees have access to language assistance and culturally competent health care services, as appropriate, including the translation of most plan documents.
SB 902 Burton Vetoed	Neutral	Industrial Disability Retirement: Reduced Age Factors for Local Safety Members Existing law establishes the disability retirement allowance for local safety members as (1) 50% of the member's final compensation plus an annuity purchased with the member's accumulated additional contributions, if the member is not eligible to retire, or (2) the member's service retirement allowance if it would be greater than 50% and the member is eligible to retire. This bill would provide a new method for calculating the disability retirement allowance of local safety members who are not eligible to retire but who have earned enough service to exceed the 50% provided in current law. This content was removed from the bill on August 23, 2004.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 921 Kuehl Failed Passage	Neutral	Universal Coverage — Single-Payer System Establishes the California Health Care System to be administered by the newly created California Health Care Agency. By January 1, 2006, all California residents would be eligible for specified benefits under the California Health Care System, which would, on a single-payer basis, negotiate or set fees for health care services and reimburse providers for services delivered. There would be no deductibles or copayments during the first 2 years of system operation, for most services.
SB 1103 Committee on Budget and Fiscal Review Chapter No. 228, Statutes of 2004		Budget Trailer Bill — LTC Program Assessment This is a budget trailer bill for health programs administered by the state. As it pertains to CalPERS, this bill would extend the operation of the California Partnership for Long-Term Care Program, and also require any organization issuing policies certified under the program to contribute at least \$20,000 annually to fund education and marketing expenses conducted by the program. Urgency measure effective 8/16/04.
SB 1105 Committee on Budget and Fiscal Review Chapter No. 214, Statutes of 2004		State Employees: Alternative Retirement Program & Extension of Rural Health Care Equity Program Provides that new state employees who become members of CalPERS, as specified, shall not make contributions to CalPERS, nor receive service credit for their service, and the state employer shall not make contributions on their behalf, during their first 24 months of employment. Requires those members to make contributions to an alternative retirement program (ARP), administered by DPA, during that 24 months, after which the members shall begin contributing to CalPERS and earning service credit in the system. Provides that, in months 47 to 49, the member may elect to receive the ARP contributions as cash or transfer the accumulated contributions in the ARP to CalPERS and thereby receive service credit for that 24-month period. Provides that the 24-month period shall be treated as state service for vesting for preretirement death benefits, retirement eligibility, and retiree health coverage regardless of whether contributions are transferred to CalPERS. Provides that a member who does not transfer the contributions from ARP to CalPERS may, at any time prior to retirement, purchase the service credit at full present value cost. This bill also extends the operation of the Rural Health Care Equity Program until January 1, 2008. Urgency measure effective 8/11/04.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 1106 Committee on Budget and Fiscal Review Chapter No. 215, Statutes of 2004		California Pension Restructuring Bond Act of 2004 Establishes the Pension Obligation Bond Committee, authorized to issue bonds and take other actions under the California Pension Obligation Financing Act. Enacts the California Pension Restructuring Bond Act of 2004, authorizing the issuance, during any 2 fiscal years after June 30, 2004, of bonds for the purpose of funding or refunding the state's obligations to the PERF. Authorizes the cumulative amount of the bonds to be the lesser of \$2 billion or the anticipated reduction, as estimated by the Director of Finance, in state contributions to CalPERS due to enactment of SB 1105. Urgency measure effective 8/11/04.
SB 1113 Committee on Budget and Fiscal Review Chapter No. 208, Statutes of 2004		2004-05 Budget Act Makes appropriations for support of state government for the 2004-05 fiscal year. Urgency measure effective 7/31/04.
SB 1158 Scott Vetoed		Mandated Benefits — Hearing Aids Requires health plans and insurers to provide up to \$1,000 for hearing aids for enrollees under 18 years of age. This benefit may be limited to \$1,000 for each 36-month period of coverage. <i>See veto message on page 55.</i>
SB 1192 Chesbro Failed Passage	Neutral	Mandated Benefits — Substance Abuse Treatment Requires health plans and insurers to provide coverage for substance abuse disorders on the same basis as coverage for any other medical care, except that outpatient treatments may be limited to 20 visits per year. Also, excludes treatment for caffeine and nicotine-related disorders. This bill would not be implemented unless the substance abuse coverage is cost-neutral for CalPERS.
SB 1262 Sher Chapter No. 919, Statutes of 2004		Charitable Organizations: AG Oversight Strengthens the laws governing most charitable organizations and broadens the Attorney General's supervisory powers over these groups. Specifically, the bill would impose audit requirements on most charities that receive or accrue a gross revenue of \$500,000 or more and expands the reporting requirements applicable to these charities.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 1272 Ortiz		Special District Governance
Failed Passage		Makes several changes with respect to the governance of special districts. Specifically, as it impacts CalPERS, this bill would prohibit a special district from making a contribution toward the health coverage of the members of its governing body first appointed or elected on or after January 1, 2005.
SB 1349 Ortiz		Health Plan Rate Review
Failed Passage		Transfers the responsibility for ensuring the fiscal soundness and solvency of health plans from the Department of Managed Health Care to the Department of Insurance. Also requires the Department of Insurance to review and approve health plan premium rates, prohibiting approval of premiums that are excessive, inadequate, or unfairly discriminatory.
		This content was removed from the bill on May 12, 2004.
SB 1401 Perata	Support	Retirement Adequacy Study
Vetoed		Requires CalPERS to conduct a study and report to the Governor and the Legislature, by December 31, 2005, regarding the adequacy of retirement benefits paid to state retirees and their survivors and beneficiaries whose retirement allowances are equal to or less than the minimum retirement allowance of \$100 per month, had it been adjusted for inflation since January 1, 1956.
		<i>See veto message on page 56.</i>
SB 1437 Speier		State Auditor — Audits of High Risk Agencies
Chapter No. 251, Statutes of 2004		Authorizes the State Auditor to establish a government agency audit program for the purpose of identifying, auditing, and issuing reports on any state agency that the auditor identifies as high risk for the potential of waste, fraud, abuse, and mismanagement, or that have major challenges associated with their economy, efficiency, or effectiveness. Also authorizes the State Auditor to issue audit reports with recommendations for improvement.
SB 1439 Speier	Support	Retired Annuitants: Unemployment Insurance
Chapter No. 398, Statutes of 2004		Prohibits a retired member from employment as a retired annuitant with a CalPERS employer, if the retired member, within the prior 12 months, received unemployment insurance compensation following the termination of a previous retired-annuitant appointment with the same employer. The retired member would be required to terminate employment as a retired annuitant and would be ineligible for re-employment for a period of at least 12 months.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 1452 Figueroa		Public Contracts: Non-Domestic Entities
Failed Passage		Prohibits, to the extent not in conflict with federal law, the state from contracting for services with any individual or entity that employs persons or subcontractors outside of the United States in order to perform and complete that state contract.
SB 1487 Speier	Support	Hospital-Acquired Infection Data
Vetoed		Requires hospitals to develop an infection control program for the surveillance, prevention, and control of infections. Also requires hospitals to report data on hospital-acquired infections to OSHPD and DHS. These requirements would sunset on October 1, 2012. <i>See veto message on page 57.</i>
SB 1509 Alpert	Sponsor	Hospital Pricing
Failed Passage		Repeals financial reporting exemption for charitable hospitals and health plans and requires reporting of specified expenditures or receipts from affiliates or other for-profit businesses. Requires health plans contracting with a state purchaser to disclose provider contracts, including pricing information. Such information will be kept confidential by the state agency. Also prohibits a health provider from requiring, as a condition for contracting with a health plan, that all-and not just a portion-of its facilities, services, or products be included in a health plan's network, under specified conditions.
SB 1602 Senate PE&R Committee	Support	Preretirement Death Benefits
Failed Passage		Existing law provides the Preretirement Option 2W death benefit with respect to retirement-eligible state members of CalPERS who die prior to retirement. Those benefits may also be provided to a retirement-eligible local member of the system, if the member's contracting agency has elected to make the benefit applicable to the agency's employees. This bill would make this benefit applicable to any retirement-eligible school or local member who dies on or after January 1, 2005, irrespective as to whether the local member's contracting agency has contracted for the benefit.
SB 1603 Senate PE&R Committee	Sponsor	CalPERS' 2004 Omnibus Bill
Chapter No. 231, Statutes of 2004		Contains technical and noncontroversial changes to the laws CalPERS administers. This is CalPERS' 2004 housekeeping bill.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SB 1632 Figueroa		Pension Plans: Corporate Reporting
Failed Passage		Requires public pension systems to request information of publicly-traded companies within their respective investment portfolios pertaining to labor, human rights, and environmental policies, as well as any public health, employment, consumer protection, or corruption-related violations, and any related penalties, on a biennial basis. Allows pension systems to phase in the surveying of companies within their portfolios over a period of three years. Provides for companies to self-certify that the information submitted is accurate and complete. Requires pension systems to report this data to the Legislature and to make the data publicly available.
SB 1757 Denham		Purchase of State Owned Automobiles and Mobile Equipment
Chapter No. 926, Statutes of 2004		Requires that all contracts for acquisition of motor vehicles or general use mobile equipment for an executive branch officer or agency or the California State University be made by or under the supervision of the Department of General Services, and would permit the department to collect a fee to offset the cost of the services provided.
SB 1760 Perata		Sovereign Immunity Waiver: ADA
Vetoed		Provides that the state consents to be sued in state or federal court by any person seeking to enforce rights or obtain remedies afforded by the federal Americans with Disabilities Act of 1990, and would prohibit any public agency, as defined, from asserting immunity against those suits. <i>See veto message on page 58.</i>
SB 1841 Bowen		Electronic Monitoring of Employees
Vetoed		This bill would prohibit employers from engaging in electronic monitoring, as defined, of employees without first providing notice to the employees, except in certain specified circumstances. <i>See veto message on page 59.</i>
SBX1 4 Committee on Budget and Fiscal Review		Budget Trailer Bill: Reduction of Health Benefit Administrative Fee
Failed Passage		Expresses the intent of the Legislature to achieve specified savings in the Budget Act of 2003. Requires the Director of Finance to prepare and deliver an omnibus report reflecting sources of general fund savings. In regards to CalPERS, the bill reflects a General Fund savings of \$691,000, as a result of reducing the Health Benefit Administrative Fee from .50% to .44%.

SUMMARY OF 2003-2004 LEGISLATION BY BILL NUMBER

Bill Number Author	Position	Summary
SBX1 29 Committee on Budget and Fiscal Review Chapter No. 11, Statutes of 2003		Pension Obligation Bonds Enacts the California Pension Obligation Financing Act, authorizing the issuance of bonds and the creation of ancillary obligations for the purpose of funding the state's pension obligations. Authorizes the Pension Obligation Bond Committee, as established by this bill, to determine the validity of the bonds issued. The provisions of this bill would become inoperative on June 30, 2009. This bill will not be effective unless other bills containing budget reductions are also enacted prior to the end of session. Urgency measure effective 5/5/03.
SCR 11 Soto Chapter No. 111, Statutes of 2003	Support, if Amended	Pension Investments: Shareholder Resolutions Regarding AIDS Drugs Encourages California public pension and retirement systems, in their capacities as shareholders of pharmaceutical companies that develop HIV and AIDS drug treatments, to take affirmative action, whenever consistent with their fiduciary responsibilities, to impel pharmaceutical companies to develop and implement a policy to provide HIV and AIDS drug treatments in a manner that would make those treatments affordable to those in lesser developed countries.
SJR 10 Soto Chapter No. 96, Statutes of 2003	Support	Medicare Rx Drug Coverage Requests Congress to enact outpatient prescription drug coverage as part of the federal Medicare program.

**CROSS REFERENCE OF ENACTED
LEGISLATION BY BILL NUMBER**

2003-2004 SESSION



2003-2004 CROSS REFERENCE – BY BILL NUMBER

Bill No.	Author	Chapter No.	Statutes	Effective Date (If prior to January 1)
AB 0067	Negrete McLeod	010	2003	5/14/03
AB 0079	Dutra	409	2004	9/09/04
AB 0117	Kehoe	202	2003	
AB 0205	Goldberg	421	2003	
AB 0296	Oropeza	757	2003	
AB 0369	Bermudez	861	2003	
AB 0375	Bermudez	615	2003	
AB 0475	Correa	097	2003	
AB 0552	Chavez	835	2003	
AB 0676	Nakanishi	560	2003	
AB 0719	Negrete McLeod	838	2003	
AB 0753	Leslie	440	2004	9/10/04
AB 0933	Reyes	840	2003	
AB 0977	Diaz	616	2003	
AB 1082	Laird	764	2003	
AB 1209	Nakano	008	2004	1/22/04
AB 1286	Frommer	591	2003	
AB 1321	Oropeza	848	2003	
AB 1428	Levine	850	2003	
AB 1498	Wiggins	025	2004	3/17/04
AB 1528	Cohn	676	2003	
AB 1584	APER&SS Committee	519	2003	
AB 1606	Horton, S.	271	2003	9/04/03
AB 1627	Frommer	582	2003	
AB 1756	Budget Committee	228	2003	8/11/03
AB 1765	Budget Committee	157	2003	8/02/03
AB 1827	Cohn	576	2004	
AB 1875	Maldonado	654	2004	
AB 1959	Chu	938	2004	
AB 2103	Negrete McLeod	635	2004	9/21/04
AB 2120	Budget Committee	802	2004	
AB 2185	Frommer	711	2004	
AB 2355	Oropeza	190	2004	

Bill No.	Author	Chapter No.	Statutes	Effective Date (If prior to January 1)
AB 2364	Correa	266	2004	8/23/04
AB 2580	Goldberg	947	2004	
AB 2680	Negrete McLeod	378	2004	
AB 2711	Leno	268	2004	
AB 3016	Pavley	282	2004	
AB 3082	Judiciary Committee	183	2004	
AB 3094	APER&SS Committee	506	2004	
AJR 79	Chu	092	2004	
SB 0002	Burton	673	2003	
SB 0025	Bowen	907	2003	
SB 0079	Judiciary Committee	149	2003	
SB 0268	Soto	855	2003	
SB 0269	Soto	856	2003	
SB 0271	Soto	462	2003	
SB 0436	Soto	751	2003	
SB 0439	SPE&R Committee	617	2003	
SB 0600	Judiciary Committee	062	2003	
SB 0625	SPE&R Committee	371	2003	
SB 0626	SPE&R Committee	069	2004	6/24/04
SB 0640	Burton	657	2003	
SB 0777	Escutia	484	2003	
SB 0853	Escutia	713	2003	
SB 1103	Budget Committee	228	2004	8/16/04
SB 1105	Budget Committee	214	2004	8/11/04
SB 1106	Budget Committee	215	2004	8/11/04
SB 1113	Budget Committee	208	2004	7/31/04
SB 1262	Sher	919	2004	
SB 1437	Speier	251	2004	
SB 1439	Speier	398	2004	
SB 1603	SPE&R Committee	231	2004	
SB 1757	Denham	926	2004	
SBX1 29	Budget Committee	011	2003	5/05/03
SCR 11	Soto	111	2003	
SJR 10	Soto	096	2003	

**CROSS REFERENCE OF ENACTED
LEGISLATION BY CHAPTER NUMBER**

2003-2004 SESSION



2003-2004 CROSS REFERENCE – BY CHAPTER NUMBER

Chapter No.	Bill Number	Author	Statutes	Effective Date (If prior to January 1)
008	AB 1209	Nakano	2004	1/22/04
010	AB 0067	Negrete McLeod	2003	5/14/04
011	SBX1 29	Budget Committee	2003	5/05/03
025	AB 1498	Wiggins	2004	3/17/04
062	SB 0600	Judiciary Committee	2003	
069	SB 0626	SPE&R Committee	2004	6/24/04
092	AJR 79	Chu	2004	
096	SJR 10	Soto	2003	
097	AB 0475	Correa	2003	
111	SCR 11	Soto	2003	
149	SB 0079	Judiciary Committee	2003	
157	AB 1765	Budget Committee	2003	8/02/03
183	AB 3082	Judiciary Committee	2004	
190	AB 2355	Oropeza	2004	
202	AB 0117	Kehoe	2003	
208	SB 1113	Budget Committee	2004	7/31/04
214	SB 1105	Budget Committee	2004	8/11/04
215	SB 1106	Budget Committee	2004	8/11/04
228	AB 1756	Budget Committee	2003	8/11/03
228	SB 1103	Budget Committee	2004	8/16/04
231	SB 1603	SPE&R Committee	2004	
251	SB 1437	Speier	2004	
266	AB 2364	Correa	2004	8/23/04
268	AB 2711	Leno	2004	
271	AB 1606	Horton, S.	2003	9/04/03
282	AB 3016	Pavley	2004	
371	SB 0625	SPE&R Committee	2003	
378	AB 2680	Negrete McLeod	2004	
398	SB 1439	Speier	2004	
409	AB 0079	Dutra	2004	9/09/04
421	AB 0205	Goldberg	2003	
440	AB 0753	Leslie	2004	9/10/04
462	SB 0271	Soto	2003	
484	SB 0777	Escutia	2003	
506	AB 3094	APER&SS Committee	2004	

Chapter No.	Bill Number	Author	Statutes	Effective Date (If prior to January 1)
519	AB 1584	APER&SS Committee	2003	
560	AB 0676	Nakanishi	2003	
576	AB 1827	Cohn	2004	
582	AB 1627	Frommer	2003	
591	AB 1286	Frommer	2003	
615	AB 0375	Bermudez	2003	
616	AB 0977	Diaz	2003	
617	SB 0439	SPE&R Committee	2003	
635	AB 2103	Negrete McLeod	2004	9/21/04
654	AB 1875	Maldonado	2004	
657	SB 0640	Burton	2003	
673	SB 0002	Burton	2003	
676	AB 1528	Cohn	2003	
711	AB 2185	Frommer	2004	
713	SB 0853	Escutia	2003	
751	SB 0436	Soto	2003	
757	AB 0296	Oropeza	2003	
764	AB 1082	Laird	2003	
802	AB 2120	Budget Committee	2004	
835	AB 0552	Chavez	2003	
838	AB 0719	Negrete McLeod	2003	
840	AB 0933	Reyes	2003	
848	AB 1321	Oropeza	2003	
850	AB 1428	Levine	2003	
855	SB 0268	Soto	2003	
856	SB 0269	Soto	2003	
861	AB 0369	Bermudez	2003	
907	SB 0025	Bowen	2003	
919	SB 1262	Sher	2004	
926	SB 1757	Denham	2004	
938	AB 1959	Chu	2004	
947	AB 2580	Goldberg	2004	

GOVERNOR'S VETO MESSAGES

2003-2004 SESSION



BILL NUMBER: AB 457
VETOED DATE: 10/14/2003

To Members of the California State Assembly:

I am returning Assembly Bill 457 without my signature. This bill would authorize the State of California, the California State University System, the Judicial Branch, CalPERS contracting agencies, local schools and community colleges, and 1937 Act counties to offer an incentive of up to two years service credit or two years of age to employees who agree to retire within a certain timeframe.

While this bill contains many safeguards, including requirements that the incentive is bargained for and that cost savings must result, there is still a very real potential that public employers will be paying to encourage retirements that would have occurred even without that incentive. Further the existence of a retirement incentive program such as a Golden Handshake has the unintended consequence of delaying rather than encouraging timely retirements; specifically, employees who normally would retire delay that retirement awaiting the implementation of a Golden Handshake. At any rate, I have already signed AB 719 and AB 55 this year, which would allow State and local government employees to purchase up to 5 years of service to enhance retirement benefits. These benefits will encourage early retirement at no cost to the public employer. Therefore, I am unable to sign this bill.

Sincerely,

GRAY DAVIS

BILL NUMBER: AB 1957
VETOED DATE: 09/29/2004

To the Members of the California State Assembly:

I am returning Assembly Bill 1957 without my signature.

A top priority of my Administration is to provide access to affordable prescription drugs. However, importing drugs from Canada or assisting residents in their efforts to do so would violate federal law and could expose the State to civil, criminal and tort liability. We all would like to see low-income uninsured residents have access to more affordable medicines, but measures such as this, over-simplify the complex safety, trade, supply and pricing issues involved in this marketplace. In light of these circumstances, I do not believe AB 1957 will bring the necessary relief to Californians who require assistance in accessing necessary medicines.

In an effort to bring significant price reductions to California's most at-risk consumers, my Administration put forward California Rx that seeks to provide real assistance to these Californians. California Rx represents an approach that harnesses the purchasing power of low-income seniors and uninsured Californians up to 300% of the federal poverty level (\$47,000 for a family of three) to secure meaningful discounts in prescription drug costs. My Administration has begun negotiations with pharmaceutical companies regarding their participation in California Rx. While I am encouraged by the concrete commitments made by some members of the industry, I am disappointed that many companies have not yet stepped up and offered meaningful discounts for this population. Over the next six weeks, I will continue negotiations to secure significant discounts for California's low-income uninsured, and I hope to move forward with a legislative proposal in January 2005 to implement California Rx. If, however, specific companies and the industry as a whole are not willing to provide a real solution to this problem, I will work closely with the State Legislature to develop an approach that guarantees significant reductions in prescription drug prices for California's low-income uninsured residents.

Come January, I will propose legislation that will bring lower-cost prescription drugs to California's most vulnerable residents. I am still hopeful that California Rx will be the vehicle to secure those price reductions, but for a voluntary, negotiated model such as California Rx to work, the drug companies must come forward and negotiate in good faith. I call upon the companies to help solve this problem through California Rx; but if I cannot rely on the good faith negotiations of the industry, I will use all the options at my disposal to secure lower-cost prescription drugs for low-income, uninsured Californians.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: AB 1958
VETOED DATE: 09/29/2004

To the Members of the California State Assembly:

I am returning Assembly Bill 1958 without my signature.

This bill would authorize the Board of Administration of the Public Employees Retirement System (Board) to form a pharmaceutical purchasing consortium (Consortium) with individuals and private and public entities to obtain lower drug costs.

While I support the authors goal of seeking relief from high drug prices for taxpayers and consumers, current law already authorizes the Department of General Services to purchase pharmaceuticals on behalf of a number of State agencies and it allows other state, county, city, and municipal government entities to participate. Current law also authorizes the Board to enter into joint purchasing arrangements, including prescription drug purchasing arrangements with public or private entities under certain conditions.

Furthermore, this legislation undermines efforts to develop and implement a California State Pharmacy Assistance Program (California RX) which is a proposed program to address the high cost of drugs for the uninsured. The California RX program would harness the purchasing power of low-income seniors and uninsured Californians to secure prescription drug discounts from pharmaceutical manufacturers through the Department of Health Services (DHS). The DHS has a proven track record for obtaining discounts and supplemental rebates for pharmaceuticals while the proposed Consortium would have competing interests and goals when purchasing and negotiating drugs for governmental entities and individual enrollees.

For these reasons I am returning AB 1958 without my signature.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: AB 1960
VETOED DATE: 09/29/2004

To the Members of the California State Assembly:

I am returning Assembly Bill 1960 without my signature.

I share the authors concerns with the rising cost of prescription drugs and generally, her interest in disclosure of information to consumers. However, this measure would have the unintended consequence of increasing drug costs to health plans, the Medi-Cal Program and other purchasers, without providing any real consumer benefit. Studies, including one from the Federal Trade Commission, have shown that enactment of this legislation will limit competition and significantly increase the cost of prescription drugs.

For the reasons stated above I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: AB 2330
VETOED DATE: 09/21/2004

To the Members of the California State Assembly:

I am returning Assembly Bill 2330 without my signature.

Volunteer Firefighters Length of Service Award System (VFLSAS) is a local program that has historically been financed through local government participants. The program was established to provide an incentive and recruitment tool for local fire departments and districts that utilize volunteer firefighters by offering lifetime awards to their volunteer firefighters.

This bill requires that the administrative costs, now being paid by the local agencies for the VFLSAS program, be shifted to the State. This bill mandates funding from the General Fund at a time when the State is unable to absorb additional costs.

For these reasons, I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: AB 2713
VETOED DATE: 09/28/2004

To the Members of the California State Assembly:

I am returning Assembly Bill 2713 without my signature.

This is a well-intended bill and I applaud the efforts to expose wrongdoing within government. However, this bill would condone violations of the attorney-client privilege, which is the cornerstone of our legal system. This bill will have a chilling effect on when government officials would have an attorney present when making decisions. It is an attorneys duty to advise the governmental officials when they are about to engage in illegal activity. This bill will ensure that advice is not conveyed in every situation and therefore it is too broad to affect the intended purposes.

Existing law already addresses the most egregious situations, which is the only time the attorney-client relationship should be breached. It is critical to evaluate the recent changes to the law as it relates to the attorney-client privilege prior to further eroding this important legal principle.

For the reasons stated I am unable to support this measure.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: AB 2752
VETOED DATE: 09/22/2004

To Members of the California State Assembly:

I am returning Assembly Bill 2752 without my signature as it places a new, unnecessary filing requirement on California business.

This bill requires domestic and foreign corporations to file a copy of their corporate election procedures with the California Secretary of State. The bill would also make a copy of the procedures available to the companies shareholders upon request.

This bill is unnecessary, as any corporations bylaws and articles of incorporation, including its elections procedures, are available to the public through the Securities and Exchange Commission (SEC). I encourage the author and sponsor to work with the SEC to make this information easier for investors to find, without placing a new filing requirement on companies seeking to do business in California.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: AB 2956
VETOED DATE: 09/21/2004

To Members of the California State Assembly:

I am returning Assembly Bill 2956 without my signature.

This bill increases the time period for members to move between retirement systems with reciprocity from six (6) months to 36 months.

I find no compelling policy reason why the existing mobility under the current system of reciprocity is not sufficient. Additionally, in the haste of last minute amendments, the bill actually creates an unfair advantage for only one group of members in the retirement system.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: SB 261
VETOED DATE: 10/12/2003

To Members of the California State Senate:

I am returning SB 261 without my signature. This measure would require risk-based organizations to register with the Department of Managed Health Care (Department) and submit financial information to the Department on a periodic basis. The bill specifies the limited amount of financial information that is subject to public disclosure.

The Department currently is in the process of regulations implementing SB 260 (CH 529, 1999), the original bill that this measure is designed to amend. I believe the issues raised in this measure can be addressed during the regulatory process in a way that balances the integrity of the health care marketplace against public access to important financial data.

Accordingly, I am returning this bill to the Senate. Resolution of these issues is in all of our interests and will permit the important consumer safeguards envisioned in the author's original legislation to be implemented.

Sincerely,

GRAY DAVIS

BILL NUMBER: SB 437
VETOED DATE: 09/29/2004

To Members of the California State Senate:

I am returning Senate Bill 437 without my signature.

As much as I believe Legislative employees deserve the one-time benefit provided by this bill, I am unable to sign this bill at this time. We are in a time of unprecedented economic crisis and it is vital to remain prudent and restrain from spending money the state doesn't have.

When the people of California voted overwhelmingly for Proposition 140, they decided that the Legislature should operate within a specific budget. This bill circumvents the will of the people by passing the costs of this extra benefit for the Legislature to the State.

This bill reduces the retirement contribution rate paid by legislative employees who participate in the Public Employees Retirement System (PERS) from 5% to zero contribution for a twelve (12) month period. The temporary reduction for these employees comes at a time when the states pension costs are consistently increasing. The fact that this bill sunsets within a year does not address the difficulty posed by the additional short-term fiscal pressure this measure will impose.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: SB 1158
VETOED DATE: 09/22/2004

To the Members of the California State Senate:

I am returning Senate Bill 1158 without my signature.

The Kaiser Family Foundation and Health Research and Educational Trust recently determined that health insurance premiums have steadily risen by double digits every year since 2001. The same group found that the most common reason stated by employers for not offering health coverage was high premiums.

While I want children with hearing impairments to have hearing aids, I am concerned that increasing the cost of health coverage by mandating benefits, if even by a small amount, would have the far more serious consequence of leaving some children without health insurance whatsoever.

For the reasons stated above I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: SB 1401
VETOED DATE: 09/15/2004

To Members of the California State Senate:

I am returning Senate Bill 1401 without my signature because the impetus of the study required in the bill is contrary to the direction that my Administration has proposed regarding pension reform and costs. The findings from this study would be used to determine whether the retirements benefits paid to this specific retiree group are enough; these findings could lead to asking for more benefits to be paid out.

This bill would require the California Public Employees Retirement System (CalPERS) to conduct a study of the adequacy of retirement benefits paid to state members, and their survivors and beneficiaries, who meet specified criteria. CalPERS is required to report its findings to the Legislature and the Governor by December 31, 2005.

CalPERS recently undertook a benefit adequacy study reporting on the adequacy of benefits for career employees with 25 to 30 years of service. The results of that study were reported to the CalPERS board in July 2000 and July 2002. There is no need for another study at this time as current reports are sufficient for assessing the adequacy of retirement benefits paid to certain state retirees.

Until such a time as our fiscal house is in order, it is inappropriate to require additional reporting requirements on any state department or agency for reports that would not further reform government spending.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: SB 1487
VETOED DATE: 09/29/2004

To the Members of the California State Senate:

I am returning Senate Bill 1487 without my signature.

This bill would require every hospital to establish an infection control program and collect data regarding hospital-acquired infections. It requires hospitals to make adjustments for risk and report it to the Office of Statewide Health Planning and Development (OSHPD). The bill requires the OSHPD to make the information public and to transmit it to the Department of Health Services.

Infection control programs have considerable merit and are currently in effect. The Department of Health Services and the Joint Commission on Accreditation of HealthCare Organizations scrutinize hospital infection control programs and the National Quality Initiative is expected to more than double the number of quality indicators tracked by May 2005. This calls into question the need of a new program to address this issue.

Additionally, the lack of data auditing in this bill is problematic. Not auditing avoids some costs but it also raises concerns about the quality and validity of the data collected and hence the overall effectiveness of the program. The absence of data auditing and review by impartial clinical experts may call into question the quality and ultimate validity of the data on hospital-acquired infections.

This bill imposes significant costs on hospitals and the OSHPD. Facing implementation of a number of well-intentioned but expensive mandates, many hospitals are not in a position to absorb the cost of a new program or reporting requirement. I believe that we must carefully weigh the value of additional mandates on hospitals against the potential of pushing some hospitals over the financial brink.

Implementation of this bill would impact the Health Data Planning Fund within OSHPD and could result in a deficiency within this Fund. In order to meet the requirements of the bill, OSHPD would have to redirect current staff and resources impacting existing programs and the delivery of services.

Finally, given the need for proper infection control, I encourage the hospital community and the medical community to collaborate to ensure that patients are protected from acquiring infections while in the hospital. For the reasons stated above I am returning this measure without my signature.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: SB 1760
VETOED DATE: 09/29/2004

To the Members of the California State Senate:

I am returning Senate Bill 1760 without my signature.

The State of California provides civil and administrative protections against disability discrimination that are as broad as those provided under federal law. In many instances, California disability laws provide more extensive remedies than those contained in federal law. It is, therefore, unnecessary to subject the State to suit under the Americans with Disabilities Act. SB 1760 would expressly waive the States sovereign immunity under the Eleventh Amendment of the United States Constitution and permit the State of California to be sued for violations of the Americans with Disabilities Act.

For these reasons I am unable to support this measure.

Sincerely,

Arnold Schwarzenegger

BILL NUMBER: SB 1841
VETOED DATE: 09/29/2004

To the Members of the California State Senate:

I am returning Senate Bill 1841 without my signature.

Employees should have reasonable privacy protections in the workplace. Existing law limits monitoring of phone calls and prohibits video and audio recordings in restrooms and locker or changing rooms. In today's electronic environment, employers give their employees access to technological advancements, such as use of the Internet and e-mail, for business purposes, employers should have the ability to monitor employee activity in order to ensure the access is not being abused. Unfortunately, in attempting to provide employees with notice of monitoring, this bill places an unfair and unrealistic burden on those employers wishing to monitor the electronic activity of their workers.

The notice requirements in this bill are too broad and do not define what constitutes proper notice, which I cannot support when an employer that fails to issue a notice or that issues a deficient notice faces the possibility of a misdemeanor conviction and civil lawsuits.

Sincerely,

Arnold Schwarzenegger